

FHA MULTIFAMILY LOAN LIMIT ADJUSTMENT ACT OF
2006

SEPTEMBER 8, 2006.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

Mr. OXLEY, from the Committee on Financial Services,
submitted the following

R E P O R T

[To accompany H.R. 5503]

[Including cost estimate of the Congressional Budget Office]

The Committee on Financial Services, to whom was referred the bill (H.R. 5503) to amend the National Housing Act to increase the mortgage amount limits applicable to FHA mortgage insurance for multifamily housing located in high-cost areas, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

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PURPOSE AND SUMMARY

This legislation would increase the loan limits for FHA mortgage insurance for multifamily properties to make the program more relevant for high-cost areas. To accomplish this goal, H.R. 5503 would increase the multifamily loan limits in expensive areas to 170 percent above the base limit and give the Secretary of Housing and Urban Development (HUD) the discretion to increase the limit to 215 percent on a case-by-case basis.

BACKGROUND AND NEED FOR LEGISLATION

The FHA multifamily mortgage insurance program allows developers to obtain long-term, fixed-rate, non-recourse loans for the construction and substantial rehabilitation of affordable, multifamily housing. FHA-insured multifamily units are available for low- and moderate-income families and serve as an important source of housing, especially in expensive cities that lack other affordable housing alternatives. However, because of its statutory loan limits, in the past two years FHA was only able to insure a handful of multifamily loans for areas where housing costs are especially high, such as New York City, Philadelphia, Seattle, and Los Angeles.

For example, in FY 2004 and 2005, because of inadequate loan limits, FHA insured only eight multifamily projects in the State of New York and five in Massachusetts. During this same time period, not a single multifamily new construction or substantial rehabilitation project in New Jersey was insured by FHA. Unlike the private-market housing choices available for higher-income families, there are few private-sector alternatives to the FHA multifamily insurance product, which helps to meet the housing needs of families at 80 to 150 percent of area median income. Additionally, these middle-income families do not have access to subsidized housing—such as the section 8 program—that addresses the needs of families making below 80 percent of area median income.

Because most FHA projects do not require credit subsidy, H.R. 5503 will not expose the government to undue costs or increased risk of loss and will actually have a positive budgetary impact.

HEARINGS

No hearings were held on this legislation.

COMMITTEE CONSIDERATION

The Committee on Financial Services met in open session on July 26, 2006, and ordered H.R. 5503, FHA Multifamily Loan Limit Adjustment Act of 2006, favorably reported to the House by a voice vote.

COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the record votes on the motion to report legislation and amendments thereto. No record votes were taken with in conjunction with the consideration of this legislation. A motion by Mr. Oxley to report the bill to the House with a favorable recommendation was agreed to by a voice vote.

COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee held a hearing and made findings that are reflected in this report.

PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee establishes the following performance related goals and objectives for this legislation:

The goal of H.R. 5503, the FHA Multifamily Loan Limit Adjustment Act of 2006 is to increase the loan limits for FHA mortgage insurance for multifamily properties in order to make the program more relevant for high-cost areas. To accomplish this goal, H.R. 5503 would increase the multifamily loan limits in expensive areas to 170 percent above the base limit and give the Secretary of HUD the discretion to increase the limit to 215 percent on a case-by-case basis.

NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee adopts as its own the estimate of new budget authority, entitlement authority, or tax expenditures or revenues contained in the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act.

COMMITTEE COST ESTIMATE

The Committee adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

CONGRESSIONAL BUDGET OFFICE ESTIMATE

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

SEPTEMBER 7, 2006.

Hon. MICHAEL G. OXLEY,
Chairman, Committee on Financial Services,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 5503, the FHA Multifamily Loan Limit Adjustment Act of 2006.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Susanne S. Mehlman.

Sincerely,

DONALD B. MARRON,
Acting Director.

Enclosure.

H.R. 5503—FHA Multifamily Loan Limit Adjustment Act of 2006

Summary: Under the National Housing Act, the Federal Housing Administration (FHA) is authorized to insure private loans used to finance certain multifamily homes, subject to loan limitations specified in appropriation acts. H.R. 5503 would increase the current limit on the value of individual loans that FHA can guarantee in certain high-cost areas of the country under 12 of its 20 multifamily loan guarantee programs, such as housing for moderate and displaced families and cooperative projects. (High-cost housing markets are designated by FHA and include such cities as Boston, San Francisco, and Los Angeles.)

CBO estimates that implementing H.R. 5503 would increase offsetting collections (a credit against discretionary spending) by \$15 million in 2007 and \$75 million over the 2007–2011 period, assuming enactment of the annual appropriation acts necessary to implement the FHA programs and the Mortgage-Backed Securities (MBS) program of the Government National Mortgage Association (GNMA). Such savings would stem from increasing the number of developers who could obtain loan insurance under many of FHA's multifamily loan insurance programs. The budgetary savings would occur because the fees paid to FHA and GNMA are generally estimated to exceed the cost of expected defaults, as measured using the procedures specified in the Federal Credit Reform Act of 1990. Enacting the bill would not affect direct spending or revenues.

H.R. 5503 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

Estimated cost to the Federal Government: For this estimate, CBO assumes that the bill will be enacted near the beginning of fiscal year 2007. The estimated budgetary impact of H.R. 5503 is shown in the following table. The budget impact of this legislation falls within budget function 370 (commerce and housing credit).

	By fiscal year, in millions of dollars—					
	2006	2007	2008	2009	2010	2011
SPENDING SUBJECT TO APPROPRIATION						
FHA and GNMA Spending Under Current Law:						
Estimated Authorization Level	–304	–270	–270	–270	–270	–270
Estimated Outlays	–304	–270	–270	–270	–270	–270
Proposed Changes:						
Subsidy Costs for FHA's Multifamily Programs:						
Estimated Authorization Level	0	–13	–13	–13	–13	–13
Estimated Outlays	0	–13	–13	–13	–13	–13
Subsidy Costs for GNMA's Mortgage-Backed Securities Program:						
Estimated Authorization Level	0	–2	–2	–2	–2	–2
Estimated Outlays	0	–2	–2	–2	–2	–2
Total Changes:						
Estimated Authorization Level	0	15	15	15	15	15
Estimated Outlays	0	–15	–15	–15	–15	–15
Total FHA and GNMA Spending Under H.R. 5503:						
Estimated Authorization Level	–304	–285	–285	–285	–285	–285
Estimated Outlays	–304	–285	–285	–285	–285	–285

¹The figures for 2006 are CBO's current estimate of budget authority and outlays for FHA's multifamily programs subject to the increased loan limitations under H.R. 5503 and for GNMA's Mortgage-Backed Securities (MBS) program under the enacted appropriation levels for this year. The 2007–2011 levels are CBO's baseline estimates of the amount of offsetting collections generated by those programs.

Note: FHA = Federal Housing Administration; GNMA = Government National Mortgage Association.

Basis of estimate: The budgetary impact of this legislation would stem from additional offsetting collections recorded because the higher limits for many of FHA's multifamily programs would generate additional mortgage guarantees by FHA, as well as increased guarantee activity by GNMA. CBO estimates that enacting this bill would increase offsetting collections (that is, reduce outlays) by \$75 million over the next five years, assuming the necessary appropriation actions.

Proposed changes

The maximum amount of a loan that FHA can guarantee for multifamily housing depends on the base loan levels established by FHA, which vary by type and size of housing within a project. For example, the base loan limit for each unit of a building with two-bedroom apartments without elevators is roughly \$54,000. Currently, in regions designated by FHA as high-cost areas, the base loan limit can be increased by up to 270 percent. Thus, in a high-cost region, the loan limit for each unit in a building with two-bedroom apartments without elevators can be as high as \$146,000 (i.e., 270 percent of the base limit). Under H.R. 5503, FHA could increase the base loan limit by up to 315 percent in high-cost areas. (In this example, the loan limit for that two-bedroom apartment could be as high as \$170,000.)

Effects on FHA's subsidy costs

The Federal Credit Reform Act of 1990 requires an appropriation of the subsidy costs and administrative costs associated with loan guarantees and direct loan programs. The subsidy cost is the estimated long-term cost to the government of a direct loan or loan guarantee, calculated on a net-present-value basis, excluding administrative costs. Under current law, FHA's guarantees of multifamily loans result in net offsetting collections (that is, negative outlays) on the federal budget because the Administration estimates that guarantee fees collected on those mortgages will more than offset the costs of expected defaults, calculated on a present-value basis. For 2007, CBO estimates that the weighted average subsidy estimate for the multifamily programs subject to the loan limit increases under this legislation is -1.34 percent. In addition, CBO estimates that, under current law, FHA will insure a total of \$7 billion in multifamily loans in 2007.

If FHA made more loan guarantees as a result of the higher cap on the value of loans in high-cost areas, the agency would record additional offsetting collections (which would be a reduction in discretionary spending). According to industry experts, the current loan limits constrain new construction and rehabilitation of multifamily housing. Based on informal surveys of FHA field offices and realtors in certain high-cost areas, CBO expects that, under H.R. 5503, FHA would insure an additional 35 to 45 loans a year for multifamily projects (with a total face value of about \$1 billion). We expect that the subsidy rate for those loans would be similar to the programs' estimated rate of -1.34 percent for 2007. Thus, CBO estimates that those additional loan guarantees would increase offsetting collections to the FHA (and thus reduce outlays) by about \$13 million annually over the 2007-2011 period.

Effects on GNMA's subsidy costs

Changes in FHA's loan limits also would generate savings for GNMA. GNMA is responsible for guaranteeing securities backed by pools of mortgages insured by the federal government. In exchange for a fee charged to lenders or issuers of the securities, GNMA guarantees the timely payments of scheduled principal and interest due on the pooled mortgages that back those securities. Because the value of the fees collected is estimated to exceed the cost of loan defaults in each year (using credit-reform methodology), the GNMA Mortgage-Backed Securities program is estimated to have a subsidy rate of -0.21 percent in 2007, resulting in net receipts on the federal budget.

Because most FHA multifamily loan guarantees are included in GNMA's MBS program, CBO estimates that raising the loan limit would result in additional GNMA collections of about \$2 million a year over the 2007–2011 period. These savings would affect discretionary spending because, like FHA, GNMA requires appropriation action to establish the total amount of its guarantees.

Intergovernmental and Private-sector impact: H.R. 5503 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

Estimated prepared by: Federal Costs: Susanne S. Mehlman; Impact on state, local and tribal governments: Sarah Puro; Impact on the private sector: Paige Piper/Bach.

Estimate approved by: Robert A. Sunshine, Assistant Director for Budget Analysis.

FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee finds that the Constitutional Authority of Congress to enact this legislation is provided by Article 1, section 8, clause 1 (relating to the general welfare of the United States) and clause 3 (relating to the power to regulate interstate commerce).

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1. Short title

This section establishes the short title of the bill, the “FHA Multifamily Loan Limit Adjustment Act of 2006.”

Section 2. Multifamily housing mortgage limits in high cost areas

This section increases the multifamily loan limits in high cost areas from 140 percent above the base limit to 170 percent above the base limit. Additionally, this section gives the HUD Secretary the discretion to increase this limit to 215 percent on a case-by-case basis.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

NATIONAL HOUSING ACT

* * * * *

TITLE II—MORTGAGE INSURANCE

* * * * *

RENTAL HOUSING INSURANCE

SEC. 207. (a) * * *

* * * * *

(c) To be eligible for insurance under this section a mortgage on any property or project shall involve a principal obligation in an amount—

(2) * * *

(3)(A) not to exceed, for such part of the property or projects as may be attributable to dwelling use (excluding exterior and land improvements as defined by the Secretary), \$38,025 per family unit without bedroom, \$42,120 per family unit with one bedroom, \$50,310 per family unit with two bedrooms, \$62,010 per family unit with three bedrooms, and \$70,200 per family unit with four or more bedrooms, or not to exceed \$17,460 per space; except that as to projects to consist of elevator-type structures the Secretary may, in his discretion, increase the dollar amount limitations per family unit to not to exceed \$43,875 per family unit without a bedroom, \$49,140 per family unit with one bedroom, \$60,255 per family unit with two bedrooms, \$75,465 per family unit with three bedrooms, and \$85,328 per family unit with four or more bedrooms, as the case may be, to compensate for the higher costs incident to the construction of elevator type structures of sound standards of construction and design; and except that the Secretary may, by regulation, increase any of the foregoing dollar amount limitations contained in this paragraph by not to exceed **[140]** 170 percent in any geographical area where the Secretary finds

that cost levels so require and by not to exceed ~~140~~ 170 percent, or ~~170 percent in high cost areas~~ 215 percent in high cost areas, where the Secretary determines it necessary on a project-by-project basis, but in no case may any such increase exceed 90 percent where the Secretary determines that a mortgage purchased or to be purchased by the Government National Mortgage Association in implementing its special assistance functions under section 305 of this Act (as such section existed immediately before November 30, 1983) is involved.

* * * * *

COOPERATIVE HOUSING INSURANCE

SEC. 213. (a) * * *

(b) To be eligible for insurance under this section a mortgage on any property or project of a corporation or trust of the character described in paragraph numbered (1) of subsection (a) of this section shall involve a principal obligation in an amount—

(2)(A) not to exceed, for such part of the property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Secretary), \$41,207 per family unit without a bedroom, \$47,511 per family unit with one bedroom, \$57,300 per family unit with two bedrooms, \$73,343 per family unit with three bedrooms, and \$81,708 per family unit with four or more bedrooms, and not to exceed 98 per centum of the amount which the Secretary estimates will be the replacement cost of the property or project when the proposed physical improvements are completed: *Provided*, That as to projects to consist of elevator-type structures the Secretary may, in his discretion, increase the dollar amount limitations per family unit to not to exceed \$43,875 per family unit without a bedroom, \$49,710 per family unit with one bedroom, \$60,446 per family unit with two bedrooms, \$78,197 per family unit with three bedrooms, and \$85,836 per family unit with four or more bedrooms, as the case may be, to compensate for the higher cost incident to the construction of elevator-type structures of sound standards of construction and design; (B)(i) the Secretary may, by regulation, increase any of the dollar amount limitations in subparagraph (A) (as such limitations may have been adjusted in accordance with section 206A of this Act) by not to exceed ~~140~~ 170 percent in any geographical area where the Secretary finds that cost levels so require and by not to exceed ~~140~~ 170 percent, or ~~170 percent in high cost areas~~ 215 percent in high cost areas, where the Secretary determines it necessary on a project-by-project basis, but in no case may any such increase exceed 90 percent where the Secretary determines that a mortgage purchased or to be purchased by the Government National Mortgage Association in implementing its special assistance functions under section 305 of this Act (as such section existed immediately before November 30, 1983) is involved; and (ii) in the case of a mortgage of the character described in paragraph (3) of subsection (a) the mortgage shall involve a principal obligation in an amount not to exceed 90 per centum of the amount which the Secretary estimates will be the replacement cost of the prop-

erty or project when the proposed physical improvements are completed; and (iii) upon the sale of a property or project by a mortgagor of the character described in paragraph (3) of subsection (a) to a nonprofit cooperative ownership housing corporation or trust within two years after the completion of such property or project the mortgage given to finance such sale shall involve a principal obligation in an amount not to exceed the maximum amount computed in accordance with this subparagraph (B)(i).

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REHABILITATION AND NEIGHBORHOOD CONSERVATION HOUSING INSURANCE

SEC. 220. (a) * * *

* * * * *

(d) To be eligible for insurance under this section a mortgage shall meet the following conditions:

(1) * * *

* * * * *

(3) The mortgage shall—

(A) * * *

(B)(ii) * * *

(iii)(I) not to exceed, for such part of the property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Secretary), \$38,025 per family unit without a bedroom, \$42,120 per family unit with one bedroom, \$50,310 per family unit with two bedrooms, \$62,010 per family unit with three bedrooms, and \$70,200 per family unit with four or more bedrooms, except that as to projects to consist of elevator-type structures the Secretary may, in his discretion, increase the dollar amount limitations per family unit not to exceed \$43,875 per family unit without a bedroom, \$49,140 per family unit with one bedroom, \$60,255 per family unit with two bedrooms, \$75,465 per family unit with three bedrooms, and \$85,328 per family unit with four or more bedrooms, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design; and (II) with respect to rehabilitation projects involving not more than five family units, the Secretary may by regulation increase by 25 per centum any of the dollar amount limitations in subparagraph (B)(iii)(I) (as such limitations may have been adjusted in accordance with section 206A of this Act) which are applicable to units with two, three, or four or more bedrooms; (III) the Secretary may, by regulation, increase the dollar amount limitations contained in subparagraph (B)(iii)(I) (as such limitations may have been adjusted in accordance with section [206A of this Act]) by not to exceed 110 percent in any geographical area where the Secretary finds that cost levels so require and by not to exceed 140 percent where the Secretary determines it necessary on a project-by-project basis] 206A of this Act) by not to exceed 170 percent in any geographical area where the Secretary finds that cost levels so require and by not to exceed

170 percent, or 215 percent in high cost areas, where the Secretary determines it necessary on a project-by-project basis, but in no case may any such increase exceed 90 percent where the Secretary determines that a mortgage purchased or to be purchased by the Government National Mortgage Association in implementing its special assistance functions under section 305 of this Act (as such section existed immediately before November 30, 1983) is involved; (IV) That nothing contained in this subparagraph (B)(iii)(I) shall preclude the insurance of mortgages covering existing multifamily dwellings to be rehabilitated or reconstructed for the purposes set forth in subsection (a) of this section; (V) the Secretary may further increase any of the dollar limitations which would otherwise apply to such projects by not to exceed 20 per centum if such increase is necessary to account for the increased cost of the project due to the installation therein of a solar energy system (as defined in subparagraph (3) of the last paragraph of section 2(a) of this Act) or residential energy conservation measures (as defined in section 210(11) (A) through (G) and (I) of Public Law 95-619) in cases where the Secretary determines that such measures are in addition to those required under the minimum property standards and will be cost-effective over the life of the measure; and

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HOUSING FOR MODERATE INCOME AND DISPLACED FAMILIES

SEC. 221. (a) * * *

* * * * *

(d) To be eligible for insurance under this section, a mortgage shall—

(1) * * *

* * * * *

(3) if executed by a mortgagor which is a public body or agency (and, except with respect to a project assisted or to be assisted pursuant to section 8 of the United States Housing Act of 1937, which certifies that it is not receiving financial assistance from the United States exclusively pursuant to such Act), a cooperative (including an investor-sponsor who meets such requirements as the Secretary may impose to assure that the consumer interest is protected), or a limited dividend corporation (as defined by the Secretary), or a private nonprofit corporation or association, or other mortgagor approved by the Secretary, and regulated or supervised under Federal or State laws or by political subdivisions of States, or agencies thereof, or by the Secretary under a regulatory agreement or otherwise, as to rents, charges, and methods of operation, in such form and in such manner as in the opinion of the Secretary will effectuate the purposes of this section—

(ii)(I) not exceed, for such part of the property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Secretary), \$42,048 per family unit without a bedroom, \$48,481 per family unit with one bedroom, 58,469 per family unit with two bed-

rooms, \$74,840 per family unit with three bedrooms, and \$83,375 per family unit with four or more bedrooms; except that as to projects to consist of elevator-type structures the Secretary may, in his discretion, increase the dollar amount limitations per family unit to not to exceed \$44,250 per family unit without a bedroom, \$50,724 per family unit with one bedroom, \$61,680 per family unit with two bedrooms, \$79,793 per family unit with three bedrooms, and \$87,588 per family unit with four or more bedrooms, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design; (II) the Secretary may, by regulation, increase any of the dollar amount limitations in subclause (I) (as such limitations may have been adjusted in accordance with section 206A of this Act) by not to exceed **[140]** 170 percent in any geographical area where the Secretary finds that cost levels so require and by not to exceed **[140]** 170 percent, or **[170 percent in high cost areas]** 215 percent in high cost areas, where the Secretary determines it necessary on a project-by-project basis, but in no case may any such increase exceed 90 percent where the Secretary determines that a mortgage purchased or to be purchased by the Government National Mortgage Association in implementing its special assistance functions under section 305 of this Act (as such section existed immediately before November 30, 1983) is involved; and

* * * * *

(4) if executed by a mortgagor and which is approved by the Secretary—

(ii)(I) not exceed, or such part of the property or project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Secretary), \$37,843 per family unit without a bedroom, \$42,954 per family unit with one bedroom, \$51,920 per family unit with two bedrooms, \$65,169 per family unit with three bedrooms, and \$73,846 per family unit with four or more bedrooms; except that as to projects to consist of elevator-type structures the Secretary may, in his discretion, increase the dollar amount limitations per family unit to not to exceed \$40,876 per family unit without a bedroom, \$46,859 per family unit with one bedroom, \$56,979 per family unit with two bedrooms, \$73,710 per family unit with three bedrooms, and \$80,913 per family unit with four or more bedrooms, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design; (II) the Secretary may, by regulation, increase any of the dollar limitations in subclause (I) (as such limitations may have been adjusted in accordance with section 206A of this Act) by not to exceed **[140]** 170 percent in any geographical area where the Secretary finds that cost levels so require and by not to exceed **[140]** 170 percent, or **[170 percent in high cost areas]** 215 percent in high cost areas, where the Secretary determines it necessary on a project-

by-project basis, but in no case may any such increase exceed 90 percent where the Secretary determines that a mortgage purchased or to be purchased by the Government National Mortgage Association in implementing its special assistance functions under section 305 of this Act (as such section existed immediately before November 30, 1983) is involved;

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HOUSING FOR ELDERLY PERSONS

SEC. 231. (a) * * *

* * * * *

(c) To be eligible for insurance under this section, a mortgage to provide housing for elderly persons shall—

(2)(A) not to exceed, for such part of the property or project as may be attributable to dwelling use (excluding exterior land improvement as defined by the Secretary), \$35,978 per family unit without a bedroom, \$40,220 per family unit with one bedroom, \$48,029 per family unit with two bedrooms, \$57,798 per family unit with three bedrooms, and \$67,950 per family unit with four or more bedrooms; except that as to projects to consist of elevator-type structures the Secretary may, in his discretion, increase the dollar amount limitations per family unit to not to exceed \$40,876 per family unit without a bedroom, \$46,859 per family unit with one bedroom, \$56,979 per family unit with two bedrooms, \$73,710 per family unit with three bedrooms, and \$80,913 per family unit with four or more bedrooms, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design; (B) the Secretary may, by regulation, increase any of the dollar limitations in subparagraph (A) (as such limitations may have been adjusted in accordance with section 206A of this Act) by not to exceed **140** 170 percent in any geographical area where the Secretary finds that cost levels so require and by not to exceed **140** 170 percent, or **170** percent in high cost areas 215 percent in high cost areas, where the Secretary determines it necessary on a project-by-project basis, but in no case may any such increase exceed 90 percent where the Secretary determines that a mortgage purchased or to be purchased by the Government National Mortgage Association in implementing its special assistance functions under section 305 of this Act (as such section existed immediately before November 30, 1983) is involved; (C) the Secretary may, by regulation, increase any of the dollar limitations in subparagraph (A) (as such limitations may have been adjusted in accordance with section 206A of this Act) by not to exceed 20 per centum if such increase is necessary to account for the increased cost of the project due to the installation therein of a solar energy system (as defined in subparagraph (3) of the last paragraph of section 2(a) of this Act) or residential energy conservation measures (as defined in section 210(11) (A) through (G) and (I) of Public Law 95-619) in cases where the Secretary determines that such measures are in ad-

dition to those required under the minimum property standards and will be cost-effective over the life of the measure;

* * * * *

MORTGAGE INSURANCE FOR CONDOMINIUMS

SEC. 234. (a) * * *

* * * * *

(e) To be eligible for insurance, a blanket mortgage on any multi-family project of a mortgagor of the character described in subsection (d) shall involve a principal obligation in an amount—

(2) * * *

(3)(A) not to exceed, for such part of the project as may be attributable to dwelling use (excluding exterior land improvements as defined by the Secretary), \$42,048 per family unit without a bedroom, \$48,481 per family unit with one bedroom, \$58,469 per family unit with two bedrooms, \$74,840 per family unit with three bedrooms, and \$83,375 per family unit with four or more bedrooms; except that as to projects to consist of elevator-type structures the Secretary may, in his discretion, increase the dollar amount limitations per family unit to not to exceed \$44,250 per family unit without a bedroom, \$50,724 per family unit with one bedroom, \$61,680 per family unit with two bedrooms, \$79,793 per family unit with three bedrooms, and \$87,588 per family unit with four or more bedrooms, as the case may be, to compensate for higher costs incident to the construction of elevator-type structures of sound standards of construction and design; (B) the Secretary may, by regulation, increase any of the dollar limitations in subparagraph (A) (as such limitations may have been adjusted in accordance with section 206A of this Act) by not to exceed [140] 170 percent in any geographical area where the Secretary finds that cost levels so require and by not to exceed [140] 170 percent, or [170 percent in high cost areas] 215 percent in high cost areas, where the Secretary determines it necessary on a project-by-project basis, but in no case may any such increase exceed 90 percent where the Secretary determines that a mortgage purchased or to be purchased by the Government National Mortgage Association in implementing its special assistance functions under section 305 of this Act (as such section existed immediately before November 30, 1983) is involved; and

* * * * *

